



foreign agriculture circular

livestock and meat

Approved by the World Food and Agricultural Outlook and Situation Board • USDA

SECOND QUARTERLY OUTLOOK FOR WORLD
MEAT PRODUCTION AND TRADE IN 1981

FLM 3-81
April 1981

WORLD POULTRY SUPPLIES GAIN BUT BEEF AND PORK SUPPLIES TIGHTEN

World beef and veal production is expected to decline again in 1981. Lower production is expected primarily in response to the rebuilding of cattle herds in some countries.

Overall imports of beef and veal for the 50 countries covered by this circular are expected to be nearly unchanged in 1981 from the 1980 level. However, the four major beef and veal importing areas--the United States, Canada, the European Community (EC), and Japan--are expected to have an increase in net beef and veal imports of 1 percent because of a decline in their aggregate production.

The United States, the world's largest importer of beef and veal, is expected to show a slight decrease in 1981 beef imports. Imports under the Meat Import Act (basically fresh, chilled, and frozen beef) are expected to reach about 1.4 billion pounds this year, down slightly from the 1.422 billion pounds last year. As indicated in the accompanying chart, which shows the prices of domestic and typical imported beef and the quantity imported under the Meat Import Act, this drop in imports results mostly from unattractive prices which occurred partially as a result of the abundance of pork and poultry meats available as substitutes for beef, and a reduction in the availability of beef from Australia, the United States' largest supplier.

The Soviet Union's imports of beef and veal are also expected to show a slight decline in 1981 but still remain strong for the year. Soviet imports of mutton are also expected to be lower, primarily because of reduced availability in Australia.

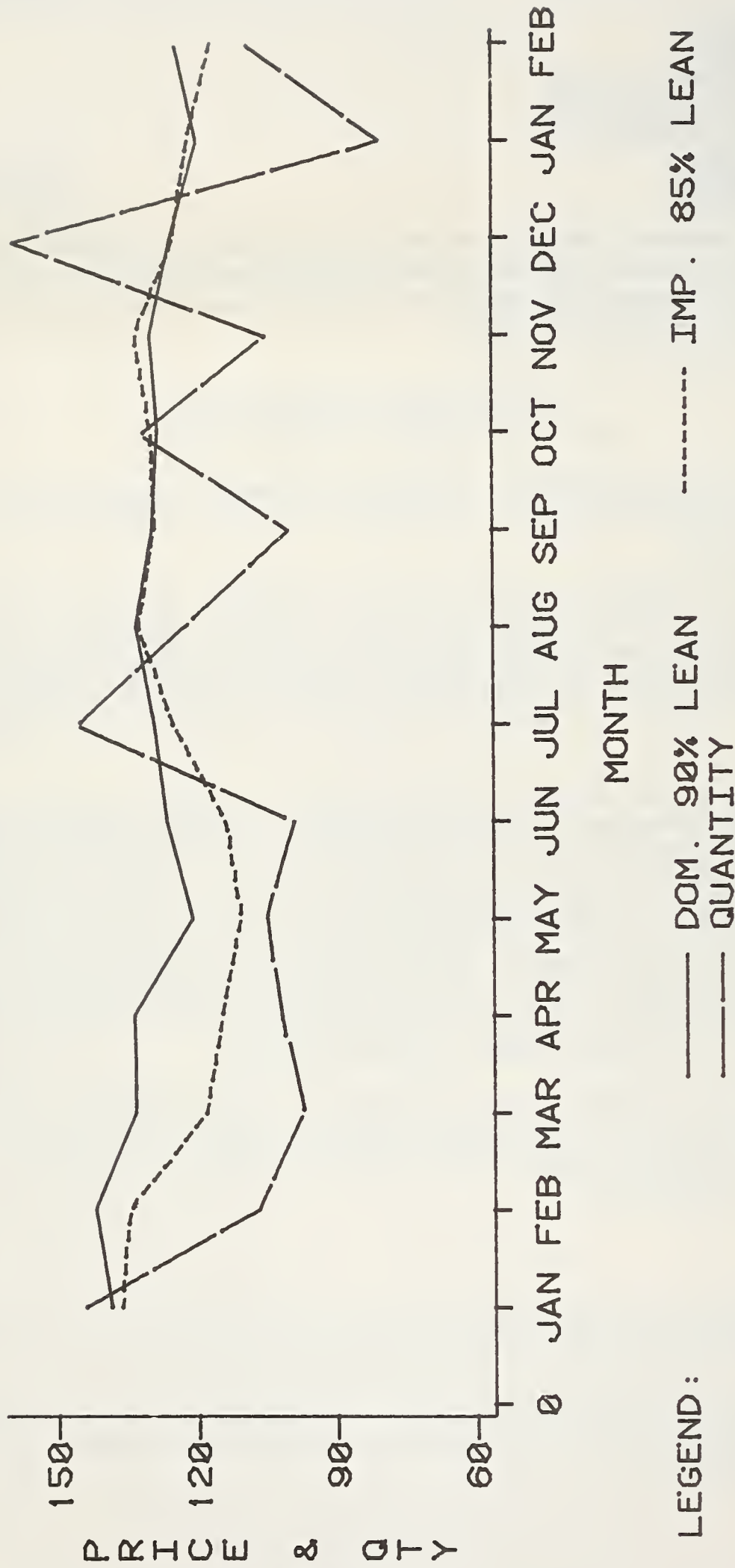
Yearly increases or decreases mentioned in the narrative of this circular are computed over the previous year unless otherwise indicated.

Red meat production and trade are in terms of carcass weight (bone-in) equivalent, and those for poultry are on a product weight basis unless otherwise indicated.

BEEF: IMPORTED AND DOMESTIC

QUANTITY (IMPORTED) AND PRICES

1980 -- FEB. 1981



NOTE 1: PRICE IN CENTS PER LBS.

NOTE 2: QUANTITY IN MILLION LBS.

Dairy Livestock and Poultry Division
COMMODITY PROGRAMS, FAS USDA

The four major importing areas mentioned above are expected to experience a slight decline in meat production and an 8 percent decline in net meat imports in 1981. Poultry is the only sector for these areas in which production is projected to increase, very likely resulting in another year of increased poultry exports. While beef and veal production is expected to increase in the United States, Canada, and Japan, a substantial decline in EC production will result in an overall drop. The EC is continuing its very strong exports of beef to non-EC countries, encouraged by substantial subsidies (approximately 50¢ per pound). Heavy stocks and a probable decline in EC consumption support the continuation of these exports.

Canada's beef and veal imports are expected to increase in 1981 after experiencing two years of decline. While pork production will decrease in 1981, exports of beef and pork are expected to remain unchanged. Canadian pork production increased substantially in 1979 and 1980 in response to strong demand that resulted largely from high beef prices.

Total U.S. meat production is forecast to be down 1 percent in 1981 led by a sharp reduction in pork production. Total meat imports are forecast to decline in 1981 as beef and pork imports decline slightly. On the other hand, pork exports are expected to increase about 20 percent in 1981. Canadian purchases, which have already increased over 700 tons in the Jan.-Feb. period of this year over the comparable period last year, should show a gain throughout the year. Japan, traditionally the largest pork buyer, should purchase around 150,000 tons this year compared to slightly over 100,000 tons in 1980, and much of the increase should come from the United States.

The larger than expected increase in production of meats in the United States in the first quarter caused prices to be lower than forecast earlier and, with the soft economy, resulted in producers' losing money. Declining pork output should strengthen livestock and poultry prices in coming months. Continued relatively large meat exports may also provide some market support.

Beef exports from the United States are largely high quality fed beef. While comprising only a small segment of world beef trade and of U.S. production, high quality beef exports have an effect on U.S. beef prices. With exports expected to increase as they have in recent years again in 1981, the impact is growing. While total beef exports from the United States are not expected to grow to any great extent in 1981, the increase in high quality beef shipments to Japan and the EC should grow, partly because of changes at the MTN's which expanded the high quality beef entry. In 1980, Japan imported around 20,000 tons of this type of beef and that quantity should increase about 3,000 tons this year. The EC provided for the entry of 10,000 tons from the United States but only about one-tenth of that entered last year--the first year of the expansion. This year, licenses have been issued earlier and substantial growth is expected.

Poultry exports from the United States will continue to increase, jumping perhaps 17 percent in 1981 in response to increased overseas demand. During 1980, poultry meat exports increased 44 percent in quantity from 238,000 tons to 342,000 tons. Export sales went to diverse destinations such as Nicaragua, whose poultry production was profoundly affected by the Civil War; the

Dominican Republic, which needed additional meat to offset its devastated swine industry; Saudi Arabia and Iraq, where oil money is being used to upgrade domestic diets; Egypt, the largest purchaser of all in 1980 with almost 48,000 tons; and Japan, where the U.S. share increased in what is traditionally the largest poultry export market. The 1981 growth is again expected to be distributed among traditional markets such as Japan, Hong Kong, and the Caribbean and newer markets such as those in the Middle East.

Beef and veal exports by the major exporting countries are expected to decline 4 percent in 1981. Australia will lead this decline, dropping 80,000 tons (15 percent) as a result of dry conditions, reduced cattle numbers, and weak international prices. On the other hand, Mexico is expected to boost beef and veal production, and may reinitiate exports to the United States. The Central American countries have the potential in 1981 to increase production and exports of beef and veal; however, civil unrest and high interest rates in these countries and low world prices may dim this prospect. Argentina will most likely see a decline in beef and veal production and a concurrent decline in exports partly as a result of government policies discouraging exports.

The EC will apparently continue its relatively new role as a net beef exporter. EC cattle numbers, which have increased at an annualized rate of about 1 percent since 1960, are expected to increase again in 1981. With domestic consumption virtually unchanged, high beef subsidies are moving this meat into world markets. As long as these policies continue, the EC should remain a net beef exporter.

WORLD* SUMMARY OF MEAT PRODUCTION
AND LIVESTOCK NUMBERS FOR 1980 AND 1981

<u>Meat or Livestock</u>	<u>Units</u>	<u>1980</u> (estimated)	<u>1981</u> (projected)
Beef	(000 m.t.)	39,704.5	39,596.5
Cattle	(000 head)	937,428	946,175
Pork	(000 m.t.)	35,051.3	34,467.3
Swine	(000 head)	429,052	427,147
Lamb/Mutton/Goat	(000 m.t.)	4,430.1	4,397.3
Sheep and Goat	(000 head)	835,542	833,273
Poultry Meat	(000 m.t.)	20,409	20,481
Horse Meat	(000 m.t.)	286.2	285.5

* Approximately 50 of the major countries reviewed.

MAJOR IMPORTERS

United States

Meat production in 1981 is expected to be down 1 percent from the high level of 1980, as a sharp reduction in pork supplies is only partially balanced by larger supplies of poultry.

First quarter 1981 meat supplies were larger and prices lower than expected earlier. This occurred partly because mild winter weather caused above average rates of gain so that cattle and hogs reached market weight faster than usual. Low forage supplies as a result of dry weather contributed to a continued high level of nonfed cattle slaughter which also boosted beef production. Thus, red meat and poultry production in the first quarter of 1981 was nearly 3 percent above a year ago. The increase came mostly from beef, which was 6 percent above last year, reflecting the increased slaughter of both nonfed cattle and the marketing of overfinished heavy-weight fed steers and heifers. Poultry production increased nearly 2 percent while pork fell 1 percent below last year.

Total red meat supplies are expected to decline this spring and the lower production is likely to continue through much of the year. The continuation of high feeding costs, which rose sharply in the last half of 1980 as a result of drought, have forced both cattle feeders and hog producers to cut production. Fed cattle slaughter during the second quarter is expected to be down from last year. In addition, nonfed slaughter will likely drop sharply as the spring grazing season begins. Second-half beef production will be greatly affected by crop developments, particularly for the forage crops. Pork production, after remaining near the year-earlier level during the first quarter, is expected to drop well below last year's level for the rest of this year. Moisture conditions will determine the movement of cattle off pasture this spring and summer. Continued dry weather could force more cattle off pasture, increasing cattle slaughter and holding down price gains. This situation would probably strengthen beef and pork prices, but the increase would be limited somewhat because of the weakness in the general economy. Livestock prices are expected to rise during much of the year; however, most producers are unlikely to cover all costs.

Broiler meat output will continue to increase this year. In 1981, the output of federally inspected slaughter plants is forecast at nearly 12 billion pounds, 5 percent above 1980. January-June broiler output is expected to be 2 percent above the 5.8 billion pounds produced in the first half of 1980, with a stronger rise in the second half of the year.

Turkey meat output in 1981 is expected to be around 2.6 billion pounds, 3 percent above 1980. Current information indicates that first-half turkey meat output will be 6 to 7 percent above the 964 million pounds produced in January-June 1980 and the heavier production period of July-December will show a smaller increase.

Although turkey and broiler production is likely to exceed last year's level, prices of poultry in the first half of 1981 are expected to average well above last year since reduced supplies of pork and continued strong exports have been bolstering prices.

Pork and poultry exports, led by increases to Japan and the Middle East, respectively, are anticipated to rise sharply from a year ago while beef exports will likely remain steady. On the other hand, meat imports are forecast to decline slightly because of both limited supplies and weaker U.S. prices early in the year.

European Community

EC production of beef and veal will most likely decline nearly 3 percent in 1981 from 1980 levels. Ireland, France, Denmark, and the Netherlands may all show production declines. Financial problems and, in Ireland, disease-eradication programs, led to higher slaughter levels in 1980. Beef and veal production should remain unchanged in Germany, the EC's largest producer.

Consumption of beef and veal may decline marginally in the United Kingdom and France, in favor of lamb and mutton. German and Danish consumption of beef and veal will remain about the same as in 1980, while the Netherlands increases its consumption slightly.

During 1981 the EC will probably continue to be a net exporter of beef and veal, though the margin may be slightly reduced. Irish exports are expected to fall off after last fall's high slaughter numbers. German exports most likely will decline 4 percent to around 330,000 MT, but French exports should hold steady at 290,000 MT. The Netherlands' exports may reach 210,000 MT, up from 199,000 MT in 1980, following higher culling this fall. EC beef and veal exports to third countries are expected to total 452,000 MT, while imports are projected at 301,000 MT, up from 286,000 MT in 1980.

In February the EC Council of Agricultural Ministers approved a 60,000 MT quota for imports of frozen beef for processing from Australia. Argentina, Uruguay, and New Zealand should continue as other major beef and veal suppliers.

Of the 10,000 MT quota for imports of high quality beef from the United States that was negotiated during the MTN, the EC authorized import licenses for 413 MT of the first quarterly allocation of 3,000 MT. License applications were lodged in early April for the second quarterly allocation, which has been fixed at 4,000 MT. Thus, there was no repeat of the delay that marked the opening of the first quarterly allocation. It is anticipated that U.S. promotional events at EC restaurants and hotels will continue to increase interest among potential buyers. The arrangement under which the EC may ship 5,000 MT of subsidized beef to the United States each year is being rapidly filled by the Irish and Danes who had sent 1,413 and 498 MT, respectively, into the United States by the last week of March. Of the total 5,000 MT, Denmark has been allocated 3,310 and Ireland 1,690 MT. The current EC subsidy

on shipments of frozen boned or boneless beef to the United States is 57 cents per pound. (Because no United Kingdom plants were certified to ship to the United States, no beef came in from the United Kingdom prior to that country's delisting by USDA on March 25, following an outbreak of foot-and-mouth disease in the Channel Islands.).

No significant change is foreseen in EC pork production, which was about 9.3 million MT in 1980. Production in Germany, the EC's largest pork producer, most likely will remain virtually the same as in 1980 at 2.7 million MT. French production may be off slightly from around 1.7 million MT in 1980 due to lower sow numbers.

The EC has raised its subsidy on canned hams and shoulders for shipment to the United States from 31 cents to 34 cents and lowered the level for shipments to other countries from 37 cents to 34 cents. Thus, the export subsidy on canned hams is now the same for all destinations. For shoulders, the subsidy to all destinations is now 28 cents. The previous level was 25 cents to the United States and 30 cents to other countries.

EC production of lamb, mutton, and goat meat may drop 3 percent in 1981 to 714,000 MT. In France, production should be up by 174,000 MT as lamb slaughter declines 3 percent in concurrence with lower ewe numbers. Relatively competitive prices and consumer substitution of sheepmeat for veal will most likely increase consumption, requiring an increase in imports. Since the climate and topography of Greece are fairly well suited to raising sheep and goats, slaughter and meat production have remained noticeably constant from year to year. For 1981, production is forecast at 120,000 MT.

Poultry meat production in the EC is expected to increase 5 percent to 4.2 million metric tons. France, the EC's largest poultry meat producer, may highlight this increase, with broiler production climbing as export companies expand output. French broiler production should be around 800,000 MT, a 17 percent increase while exports could reach 300,000 MT, an increase of almost 50 percent over 1980 exports. In the Netherlands a 9 percent production increase for broilers can be expected for a total of 400,000 MT. Dutch exports of poultry meat should rise to an all-time high of 283,000 MT, over 8 percent above 1980 levels. Major destinations will be Iran, Saudi Arabia, and the USSR.

Canada

Canadian beef and veal production for 1981 is forecast to be up around 5 percent from 1980, while pork production should be down 4 to 5 percent. Poultry production targets set by the Canadian Chicken Marketing Agency for 1981 have been increased 2 percent.

Cattle numbers showed a modest increase in 1980 from 1979. Poor weather and forage conditions, higher feed grain prices, large supplies of relatively inexpensive pork, and high interest rates have resulted in an extremely cautious approach to herd rebuilding. Inventory increases in 1981 will again be modest, up 2 percent from 1980, reflecting the heavy level of cow slaughter in 1980. Canadian beef and veal production in 1981 is forecast at a little

over 1.0 million metric tons, up around 5 percent from last year in part due to the larger 1980 calf crop. Lower pork output should strengthen consumer demand for beef, somewhat offsetting the price depressing effect of higher production. Exports of beef and veal are expected to continue at rates similar to those of 1980 and have little impact on prices.

Hog inventory numbers for January 1, 1981, were estimated at 9.6 million head, 1 percent under the record 1980 level. Reflecting the drop in farrowings in the second half of 1980, pork production in 1981 is forecast to decline 4 to 5 percent from the 890,000 ton level of last year. Farrowings are expected to continue lower in 1981 as producers respond to higher production costs. This lower pork production is expected to result in firmer hog prices, particularly during the latter part of 1981.

Pork exports in 1981 are expected to continue near the 1980 level of 120,000 tons. In 1980, nearly 14 percent of all pork produced was exported, and this unusually large proportion should be exceeded this year. The decline in the value of the Canadian dollar, large Canadian pork supplies, and a better market in the United States than in Canada provided incentives for increased pork exports to the United States during 1980. The factors that led to increased pork production and exports also contributed to a 43 percent decline in pork imports. Thus, for the second consecutive year Canada was a net exporter of pork to the United States. Prior to 1979, Canada was a net importer for many years. Pork imports in 1981 are expected to be about 15,000 tons, down 21 percent from the low level of 1980.

Poultry numbers and meat production declined slightly in 1980 as Canada's national poultry marketing agencies reduced their 1980 production targets in response to burdensome stock carryovers from 1979. Production targets for 1981 have been increased from last year by more than 2 percent in anticipation of higher pork prices and increased consumer demand for poultry.

Japan

Japan's 1981 beef imports are not expected to increase much over the 1980 level, which was down a surprising 6 percent from 1979. Domestic production grew 4 percent in 1980 and consumers cut back beef consumption by 1 percent as the rate of inflation exceeded income gains. Beef production in recent months has increased about 10 percent over last year's level and a minimum increase of 2 percent is seen for all of 1981. A greater supply of domestic dairy steer beef has depressed prices, forcing importers to reduce purchase plans and delay delivery dates for chilled beef which competes with steer beef. Most Japanese imports of chilled beef come from Australia. Government support prices for dairy steer beef have been raised only 1.2 percent for the fiscal year starting April 1.

Although beef consumption is forecast to increase by almost 4 percent in 1981, Japan's total beef import quota is unlikely to change from 1980 as stocks continue to rise. However, imports of high quality beef from fed cattle should continue to rise and account for a larger share of all beef imports in 1981. Agreements made with Japan during the MTN will encourage steadily

higher imports of high quality beef in the next three years. The United States has traditionally supplied about 90 percent of Japan's high quality beef imports. Price supports for "Wagyu" steer beef, which is more competitive with imported high quality beef, were raised 3.1 percent for Japanese Fiscal Year 1981.

Pork imports by Japan, on the other hand, are expected to rise over 50 percent in 1981 from 154,554 metric tons in 1980. An increase in domestic production of 3 percent, along with the need to reduce pork stocks, brought 1980 imports down 18 percent. Hog numbers turned up in February for the first time since May 1980, and pork production should increase in the latter half of 1981 as prices rise. However, output of pork should fall 6 to 9 percent in the first 6 months of 1981 following a steady reduction in sow numbers throughout most of 1980. Pork production for all of 1981 may decline as much as 2 percent. In the face of higher feed costs, domestic pork producers obtained a 2 percent hike in government price supports; however, current market prices are well above this level. The higher prices and tighter supplies may limit Japanese pork consumption to a rise of only 2 percent in 1981, compared with a 5 percent rise in 1980.

Japanese poultry production should rise 3 percent in 1981 as the domestic industry continues a policy of moderate growth to maintain stable prices. A slightly larger increase in poultry consumption brought on by higher pork prices may push poultry imports up 10 percent over last year's 70,000 tons.

Imports of lamb and mutton may fall another 4 to 5 percent in 1981, following a decline of one third in 1980. Fewer imports last year reflected a decline in demand for these processing meats as well as higher overseas prices.

U.S.S.R.

Soviet meat production in 1981 is projected to total 15.0 million tons (carcass weight basis), less than 1 percent below 1980. Declines of around 1 percent and 3 percent are anticipated for both beef and pork output, respectively. Sheep and goat meat production is not likely to show much change from 1980 levels, while poultry meat production is expected to continue increasing as it has over the past 5 years.

Slaughter weights of hogs for the first two months of 1981 were running substantially above a year earlier on state and collective farms, but a sharp drop in the numbers slaughtered has reduced total pork output. For beef, numbers slaughtered were 1 to 2 percent lower, while average live weights were little changed. Thus, first quarter meat output will probably be down from year earlier levels. The mild Soviet winter has helped stretch available feed supplies as both hog and cattle inventories have been maintained near record levels. The record inventories of hogs presently on hand are probably being maintained in anticipation of improved feed supplies later this year.

Brazil

Beef production in 1981 is expected to expand 2 to 3 percent as higher producer prices should encourage higher slaughter levels. While a higher sales tax put into effect on January 1, 1981, will translate to higher consumer prices for beef, the overall effect on consumer demand is not likely to be significant because of the steady price increases resulting from the inflationary spiral. Exports of fresh and processed beef are expected to reach about 190,000 tons in 1981, 15 percent above 1980's level, since an anticipated export drive will probably be fairly strong in an effort to expand export earnings. Exports for the first 11 months of 1980 were up over 80 percent in value from the corresponding period in 1979. Brazil's top two export markets in 1981 are again likely to be the United States and the United Kingdom. Brazil's imports of beef, mainly from Argentina and Uruguay, may increase to about 50,000 tons this year, up from 46,000 tons in 1980.

Pork production is projected to grow approximately 5 percent in 1981, but observers point out that the actual level will be affected by such factors as: 1) the price of feed; 2) whether the export embargo on pork is lifted; 3) the price of competing meats; and 4) government policies and aid to producers.

Recently, the government has taken several steps to alleviate the cost-price squeeze on producers, but there have been many complaints that, to date, these measures have not gone far enough.

Brazilian broiler production is expected to experience another boom year with output most likely rising from 1.3 million to 1.55 million tons. Exports moving with the aid of subsidies are projected to reach 260,000 tons. This would make Brazil the fourth largest exporter in the world, behind the United States, the Netherlands, and France, in what is only the fifth year Brazil has been active in the international market. While the majority of Brazil's exports will again be directed towards the Middle East, particularly Iraq, the Soviet Union may become the second largest customer in 1981. Brazilian producers see Venezuela, Cuba, and Mexico as promising future markets.

MAJOR EXPORTERS

Australia

While most of the major cattle producing areas of Australia received above normal rainfall in the first half of February, only scattered precipitation has occurred since then and soil moisture levels are decining to the levels of a year ago when drought prevailed. Cattle numbers were estimated to be at 25.8 million head as of March 31, 1981. Indications are that some herd buildup will take place during the remainder of 1981. The extent will depend on whether improved seasonal conditions remove the pressure for the early slaughtering of stock that occurred in 1980. Slaughter for 1981 is projected to be around 8 million head, down 9 percent from last year.

Domestic consumption is likely to weaken in 1981 as a result of a projected 15 percent rise in retail beef prices and relatively lower prices for competing meats. Per capita beef consumption is likely to decline some 5 percent from

the 102 pounds registered in 1980. Exports of Australian beef and veal are forecast at around 535,000 tons product weight in 1981, with the United States and Japan expected to take over 80 percent of the total. However, indications are that exports to the United States, projected to be 340,000 tons, may not reach that level unless U.S. prices improve substantially in the near future.

Sheepmeat production is also expected to decline in 1981 as farmers attempt to rebuild their drought reduced flocks. Mutton production will be most affected. Production may decline 30 percent with, most likely, a corresponding decrease in exports. The Soviet Union should remain Australia's largest market for mutton in 1981, but purchases are predicted to be around 40,000 tons, considerably below the 76,000 tons shipped in 1980.

Total exports of lamb meat are expected to rise modestly with most of the increase going to the Middle East. Demand in those markets is expected to be strong, but the growing domestic demand for Australian lamb and the availability of New Zealand lamb to the Middle East are likely to dampen the prospects for any greater increase in exports.

Exports of live sheep should rise to around 6.5 million, provided Iranian imports remain strong and shipping routes remain accessible.

New Zealand

With generally good weather now in evidence throughout the country, a small buildup in the cattle inventory is expected in 1981. Any stronger expansion is being hampered by very low producer prices. While total cattle slaughter should remain around 1980's level, total beef production is likely to drop since slaughter weights are expected to be below 1980's high levels. As a result of weak beef prices in international markets, particularly the United States, the government and the Meat Producers Board are being forced to supplement producer prices by nearly 11 cents per pound to meet the guaranteed underwritten levels. Still, more and more farmers are turning away from beef production towards sheep raising. Both sheep numbers and total production rose in 1980, and a similar expansion of around 5 percent is expected for production in 1981.

Exports of beef are expected to decline even more than production in 1981. Current forecasts are for exports of 305,000 tons, down 11 percent from the 1980 level. Conversely, lamb meat exports are expected to expand 5 percent, since large markets in the United Kingdom and the Soviet Union should remain relatively stable and growth continues to occur in the Middle East markets.

Mexico

Beef cattle numbers increased in Mexico during 1980 as a result of improved pasture conditions in the second half of the year and an unattractive market for feeder cattle exports to the United States. About 380,000 head of feeder cattle were exported to the United States during calendar year 1980 despite the fact that Mexican export quota levels would have permitted a substantially

higher level. The quota for the 1980-81 (Sept.-Aug.) quota year has been established at 500,000 head, but only about 130,000 head crossed the border in the Sept.-Dec. period, normally a time of high export movement.

Interest in feedlots has recently grown much stronger in Mexico as part of efforts to keep an adequate domestic supply of beef. Such operations, however, face the short-term problem of obtaining feedgrains in sufficient quantities at reasonable prices. These supply difficulties have been compounded by the inability of the Mexican transportation system to move the necessary feedstuffs. At least one enterprise is planning a number of feedlots close to the U.S. border where feeds are readily available and, where it is felt, a market for beef exists in the United States should the domestic market not develop. Nevertheless, even with some feedlot development in 1981, Mexico will remain heavily dependent on pasture raising of beef cattle for the foreseeable future.

Mexico's beef and veal exports in 1980 consisted, for the first time in many years, entirely of meat and cattle actually imported, processed, and re-exported, i.e., Australian meat processed and exported to the United States and beef slaughter from U.S. cattle re-exported to Japan. Total imports and exports were about equal. Mexican officials had hoped to re-open the border for exports of beef to the United States early in 1981, and to begin exports of beef subject to the U.S. Meat Import Law during the second quarter of the year. The difficulty in doing so arises in part from the fear of protests by consumers who remember recent beef shortages, and the need to submit beef for testing to recently modified biological residue testing laboratories. Since beef supplies will probably be sufficient in 1981 to allow for some exports, there is a good possibility that the Mexican Government will try to overcome these difficulties and begin exporting beef at some time during the year.

Beef production in 1980 was up 4 percent, reaching an estimated 1.065 million metric tons (CWE). Since Mexico did not export domestically produced beef last year, all of this increase entered the domestic market. Most of the increase in beef production occurred in the later part of 1980 when additional feeder calves retained from Mexico in late 1979 and early 1980 were slaughtered. The outlook for 1981 beef production is for continued growth of about 2 or 3 percent partially based on reduced cattle exports during the 1980-81 cattle export cycle.

Swine numbers were reduced substantially during the first half of 1980. This sell-off was caused by an abnormally large buildup in the 1979 swine population and a resulting sharp reduction in pork prices in the beginning of 1980, compounded by uncertainties over available feed supplies. Swine numbers were estimated to have increased about one million head during 1979, an increase of about 8 percent. According to some sources, the sell-off in 1980 decreased swine numbers by as much as 20 percent. When pork prices firmed up in late summer, the sell-off abated and swine numbers began growing again. Swine numbers should increase modestly in 1981 as the industry takes advantage of improved prospects for feed supplies.

Total swine slaughter in 1981 will probably be lower than in 1980 as herds are rebuilt and ample meat supplies are carried over from last year. However, pork production should be up slightly as average slaughter weights recover from the below normal weights seen in 1979.

Pork imports were down slightly from the 11.3 thousand tons in 1979 to 10.5 thousand tons in 1980. This was due in large part to a temporary ban imposed midway through the year because of large domestic supplies and the depressed price of pork at the time.

Sheep numbers continued an upward trend in Mexico in 1980 as interest continued to grow in upgrading domestic flocks through imports of quality breeding stock. While sheep are raised in Mexico primarily for their wool, lamb and mutton output is also on the rise. Sheep production is looked upon by the government and financial institutions as a relatively easy way for small and inexperienced farmers to enter the livestock sector. Mexican imports of live sheep totaled about 100,000 head in 1980, of which about 90,000 head originated in the United States.

Except for some of the largest poultry operations, most poultry and egg producers experienced difficulties in obtaining feedstuffs in sufficient quantities and on a timely basis during the first half of 1980. As a result, many producers tended to market their birds at younger ages and lower market weights as stocks of feed were drawn down. During the second half of the year, the poultry industry apparently recovered quickly as additional grain supplies became available. Apparently the poultry industry in Mexico is intent on continuing its investment and expansion despite temporary problems.

Central America

Following a 6 percent decline in 1980, beef and veal production in Central America is expected to increase 5 percent this year. Panama, Costa Rica, and Guatemala are most likely to be responsible for a 1981 increase. The rise in Panama is expected to come mostly from increased cattle numbers. Panama is constructing an additional processing plant and planning the sale of 5,000 head of cattle to Costa Rica to help alleviate slaughter bottlenecks. Costa Rica should increase beef production in 1981 as a result of improved credit conditions that are freeing loans for cattle feedout. Guatemala is expected to have heavier slaughter animals in 1981. This is the result of a delay in marketing animals brought on by the ineligibility of processing plants to export to the United States because of pesticide residue problems.

Declines in beef production in 1981 are expected to occur mostly in El Salvador and Honduras. Beef production in El Salvador is expected to decline as a result of the extreme political unrest accompanied by severe disruptions to the agribusiness sector. Honduras does not appear inclined at this time toward heavy new private investment because of the political uncertainty in the neighboring countries. While production in Honduras is expected to fall in 1981, consumption is expected to increase. Thus, exports will show a strong drop.

Pork production in Central America is expected to show a slight gain--less than 1 percent--in 1981, following a 6 percent decline in 1980. This slight turnaround in pork production is expected to come mostly from increased production in Guatemala, Nicaragua, and Panama. Improved availability of animal feed is expected to account for this turnaround.

Dominican Republic

The Dominican Republic's livestock sector, led by beef and poultry production, is expected to show gains in 1981. Ranges and pastures have experienced favorable moisture conditions and are expected to remain in good to excellent condition in the near term. This factor, combined with relatively strong producer prices, and the need for foreign exchange earnings from meat exports, is expected to stimulate domestic meat production, particularly beef, in 1981.

Broiler production is expected to rise about 25 percent in 1981 as a result of the depopulation of the country's swine herd that followed the African Swine Fever Outbreak. The possibility of pork production again becoming a commercial enterprise in the near future (mid-1982) and abnormally high production of poultry meats could result in oversupply that could be eased by increasing beef exports to the United States.

As of February 20, 1981, repopulation of the Dominican swine herd began over much of the eastern region of the country. A priority system will probably be followed with swine co-ops, farmers associations, and then large and medium sized private producers receiving import permits. In addition, more strict health and quarantine regulations will soon be implemented at all sea and air import facilities.

Argentina

Cattle numbers are indicating the beginning of an upswing in the cattle cycle, causing total beef production to be curtailed by 2-3 percent. Exports, which in 1980 comprised over 16 percent of Argentina's total production, will likely slip to 450,000 tons in 1981, up from previous estimates but still below 1980's level of 470,000 tons. Estimates of export levels have been increased by 75,000 tons due to various government policy changes such as a 10 percent devaluation of the peso and a commitment to further devaluation, increasing export rebates, and the elimination of export taxes. While some Argentine markets will shrink in 1981, trade sources are forecasting sales to the Soviets that will approximate 1980's level of 88,000 tons, while sales to Egypt are expected to increase as much as 25,000 tons. Argentina thinks it can recover some of the Egyptian market that it lost to the EC in 1980.

Poultry meat production is expected to expand 4 percent in 1981 to 241,000 tons, as poultry meat gains a more stable share of the Argentine consumer meat market. In 1980, 13,000 tons of poultry meat were exported and a similar amount is expected in 1981.

Uruguay

Beef production in 1981 should exceed 1980 as a large calf crop, excellent pasture conditions, and heavier cattle contribute to an increase of around 10 percent. This should be welcome news for consumers, because prices should remain in a reasonable range throughout the year. Total exports of beef and veal in 1981 should increase to 120,000 tons because demand from Brazil, which takes over 50 percent of Uruguayan beef exports, is expected to remain strong. The Middle East and the European Community will likely continue to be the second and third largest customers.

Eastern Europe

Feed shortages, due primarily to excessive rainfall during 1980, have put the Polish livestock sector in serious difficulty. The total number of hogs in Poland at the end of 1980 was about 11 percent below the year-earlier level, and the total cattle inventory was down about 7 percent. Production of both pork and beef in 1981 is expected to be significantly lower than 1980 output. Lower meat production and continuing meat shortages should lead to reduced Polish exports of red meats, including canned ham and shoulders to the United States. The Polish Government has approved a meat rationing plan scheduled to begin in April, and the European Community will probably sell Poland about 50,000 tons of pork and beef at below-market prices as part of a special assistance program.

Romania is struggling with feed shortages and declining livestock productivity, but it will apparently try to increase red meat exports during 1981 to earn needed hard currency. Hungary, which is emphasizing the development of its beef cattle herds, should continue as one of Eastern Europe's leading exporters of red meats. The level of Yugoslavia's red meat exports in 1981 may primarily depend on whether the European Community grants an increase in the 34,800 ton EC quota on baby beef imports from Yugoslavia.

For further information, contact the Foreign Agricultural Service, Dairy, Livestock and Poultry Division, Commodity Programs, Washington, DC, Telephone (202) 447-8031.

TABLE 1--BEEF AND VEAL: IMPORTS BY SELECTED COUNTRIES,
1978-81 (CARCASS WEIGHT EQUIVALENT)

Country	: : 1978 : :	: : 1979 : :	: Estimated : : 1980 : :	: Forecast : : 1981 ^{1/} : :	: Changes : : 1981/80 : :
	:------(1,000 metric tons)-----:				: Percent
United States.....	: 1,053 :	: 1,103 :	: 936 :	: 920 :	: - 2
EC ^{2/} ^{3/}	: 305 :	: 311 :	: 324 :	: 301 :	: - 7
Yugoslavia.....	: 51 :	: 65 :	: 55 :	: 65 :	: 18
Canada.....	: 102 :	: 87 :	: 79 :	: 85 :	: 8
Japan.....	: 143 :	: 185 :	: 174 :	: 180 :	: 3
Spain.....	: 73 :	: 80 :	: 20 :	: 10 :	: -50
Greece.....	: 121 :	: 120 :	: ^{2/} :	: ^{2/} :	: :
USSR ^{4/}	: 56 :	: 250 :	: 360 :	: 345 :	: - 4
Brazil.....	: 118 :	: 105 :	: 46 :	: 50 :	: 9
Korea, Republic of..	: 45 :	: 60 :	: (5/) :	: 4 :	: **
Israel.....	: 37 :	: 71 :	: 22 :	: 30 :	: 36
Egypt.....	: 134 :	: 74 :	: 100 :	: 110 :	: 10
Other countries ^{6/} ..	: 305 :	: 194 :	: 177 :	: 182 :	: 3
Total base ^{3/}	: 2,543 :	: 2,705 :	: 2,293 :	: 2,282 :	: 0 -

** Indicates change greater than 100 percent

^{1/} FAS forecasts. ^{2/} Greece included in the EC for 1980 and 1981 only.

^{3/} Excludes EC intra-trade. ^{4/} Product weight basis. ^{5/} Less than 500 metric tons. ^{6/} Combination of approximately 30 countries additional to the preceding list.

Source: Reports of U.S. Agricultural Attaches and related information.

April 1981

Commodity Programs, FAS, USDA

TABLE 2--MEAT PRODUCTION IN MAJOR IMPORTING AREAS, 1978-81
CARCASS WEIGHT EQUIVALENT

Commodity and Country	1978	1979	Estimated 1980	Forecast 1981 1/	Changes 1981/80
----- (1,000 metric tons) -----					Percent
Beef and Veal:					
United States	11,283	9,925	9,999	10,003	0
Canada	1,060	946	975	1,025	5
EC-10	6,511	6,903	7,086	6,903	-3
Japan	403	402	418	427	2
Total	19,257	18,176	18,478	18,358	-1
Pork:					
United States	6,075	7,008	7,537	7,010	-7
Canada	620	750	890	850	-4
EC-10	8,733	9,185	9,314	9,339	0
Japan	1,284	1,430	1,476	1,450	-2
Total	16,712	18,373	19,217	18,649	-3
Mutton and Lamb:					
United States	140	133	144	150	4
Canada	4	4	5	5	0
EC-10	656	673	738	714	-3
Japan	2/	2/	2/	2/	0
Total	800	810	887	869	-2
Poultry: 3/					
United States	5,879	6,507	6,636	6,934	4
Canada	484	539	519	529	2
EC-10	3,701	3,787	3,964	4,177	5
Japan	1,027	1,109	1,152	1,182	3
Total	11,091	11,942	12,271	12,822	4
Total meat:					
United States	23,377	23,573	24,316	24,097	-1
Canada	2,168	2,239	2,389	2,409	1
EC-10	19,601	20,548	21,102	21,133	0
Japan	2,714	2,941	3,046	3,059	0
Total	47,860	49,301	50,853	50,698	0

1/ FAS forecast. 2/ Less than 500 tons. 3/ Product weight basis.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

April 1981

Commodity Programs, FAS, USDA

TABLE 3--NET MEAT IMPORTS IN MAJOR IMPORTING AREAS, 1978-81
(CARCASS WEIGHT EQUIVALENT)

Commodity and Country	1978	1979	Estimated: 1980	Forecast 1981 ^{1/}
----- (1,000 metric tons) -----				
Beef and veal:				
United States.....	981	1,026	856	841
Canada.....	57	35	13	19
EC <u>2/</u> <u>3/</u>	114	18	-165	-151
Japan.....	143	185	174	180
Total	1,295	1,264	878	889
Pork:				
United States.....	97	97	135	95
Canada.....	- 2	- 46	-101	-105
EC <u>2/</u> <u>3/</u>	- 64	-136	-108	-140
Japan.....	148	188	155	250
Total	179	103	81	100
Mutton and lamb:				
United States.....	17	20	13	13
Canada.....	17	21	15	17
EC <u>2/</u> <u>3/</u>	259	238	226	232
Japan.....	279	237	157	150
Total	572	516	411	412
Poultry: <u>4/</u>				
United States.....	-198	-238	-342	-400
Canada.....	28	27	18	21
EC <u>2/</u> <u>3/</u>	-126	-210	-240	-270
Japan.....	62	72	70	77
Total.....	-234	-369	-494	-572
Total meat:				
United States.....	897	905	662	549
Canada.....	100	38	- 55	- 48
EC <u>2/</u> <u>3/</u>	183	- 80	-287	-329
Japan.....	632	682	556	657
Total	1,812	1,514	876	829

^{1/} FAS forecasts. ^{2/} Greece included for 1980 and 1981 only.

^{3/} Excludes intra-trade. ^{4/} Product weight basis.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

April 1981

Commodity Programs, FAS, USDA

TABLE 4--PRODUCTION AND EXPORTS OF BEEF AND VEAL BY MAJOR
EXPORTING COUNTRIES, 1978-81 (CARCASS WEIGHT EQUIVALENT)

Item	1978	1979	Estimated 1980	Forecast 1981 <u>1/</u>	Changes 1981/80
	----- (1,000 metric tons) -----				Percent
Production:					
P.L. 96-177 countries: <u>2/</u>					
Australia	2,134	1,768	1,524	1,434	- 6
New Zealand <u>3/</u>	562	512	505	490	- 3
Central America <u>4/</u>	428	439	418	450	8
Mexico	1,054	1,025	1,055	1,075	2
Subtotal	4,178	3,744	3,502	3,449	- 2
Other:					
Brazil	2,200	2,100	2,200	2,250	2
Argentina	3,193	3,092	2,865	2,810	- 2
Uruguay	354	266	329	362	10
Subtotal	5,747	5,458	5,394	5,422	1
Total	9,925	9,202	8,896	8,871	0
Exports:					
P.L. 96-177 countries: <u>2/</u>					
Australia	1,131	1,089	879	800	- 9
New Zealand <u>3/</u>	346	343	344	305	-11
Central America <u>4/</u>	156	168	121	140	16
Mexico	45	6	1	6	**
Subtotal	1,678	1,606	1,345	1,251	- 7
Other:					
Brazil	130	110	165	190	15
Argentina	740	697	470	450	- 4
Uruguay	112	81	110	120	9
Subtotal	1,082	888	745	760	2
Total	2,760	2,494	2,090	2,011	- 4

** Indicates change greater than 100 percent.

1/ FAS forecasts. 2/ Excludes Canada and EC. 3/ Year ending September.

4/ Includes Dominican Republic, but excludes Belize and Haiti.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

April 1981

Commodity Programs, FAS, USDA

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE. \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE



AGR 101
FIRST CLASS

If you no longer need this publication, check here _____ and return this sheet and/or envelope in which it was mailed and your name will be dropped from mailing list.

If your address should be changed _____ PRINT OR TYPE the new address, including ZIP CODE and return the whole sheet and/or envelope to:

FOREIGN AGRICULTURAL SERVICE, Room 5918 So.
U.S. Department of Agriculture
Washington, D.C. 20250

7661 UNALCS A422 10026 0001
USDA NAT AGRIC LIBRARY CURRE-
NT SERIAL RECORD AL
BELTSVILLE MD 20012

TABLE 5--PRODUCTION AND EXPORTS OF MUTTON AND LAMB BY MAJOR
EXPORTING COUNTRIES, 1978-81 (CARCASS WEIGHT EQUIVALENT)

Country	1978	1979	Estimate 1980	Forecast 1981 <u>1/</u>	Changes 1981/80
	(1,000 metric tons)				Percent
Production:					
Australia.....	492	532	527	448	-15
New Zealand <u>2/</u>	502	514	570	570	0
Argentina.....	130	129	120	120	0
Total.....	1,124	1,175	1,217	1,138	- 6
Exports:					
Australia.....	245	214	268	220	-18
New Zealand <u>2/</u>	378	436	470	470	0
Argentina.....	38	31	18	20	11
Total.....	661	681	756	710	- 6

1/ FAS forecasts. 2/ Year ending September.

SOURCE: Reports of U.S. Agricultural Attaches and related information.

April 1981

Commodity Programs, FAS, USDA